

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6934**

**BILL NUMBER: SB 332**

**DATE PREPARED:** Jan 20, 1999

**BILL AMENDED:**

**SUBJECT:** Cumulative Township Vehicle and Building Fund.

**FISCAL ANALYST:** David Hoppmann

**PHONE NUMBER:** 232-9559

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill would authorize a township to establish a Cumulative Township Vehicle and Building Fund (the Fund) for the acquisition of township vehicles or for various township building and property projects. It would provide that the property tax rate for the Fund may not exceed \$0.05 per \$100 of assessed valuation (AV) on township property for property taxes first due and payable before January 1, 2002, and \$0.0167 per \$100 of AV for property taxes first due and payable after December 31, 2001 (the maximum rate adjustment from \$0.05 per \$100 of AV to \$0.0167 per \$100 of AV would correspond with the change in definition off AV from 33 1/3% to 100% of true tax value).

This bill would also require, for purposes of computing the property tax levy limit imposed on a township, that the township's levy for a particular year include the Fund's levy.

**Effective Date:** Upon Passage.

**Explanation of State Expenditures:** (Revised) The State would not be obligated for any additional property tax relief credit (PTRC) under this proposal. The fund created by this bill falls under the maximum levy limitation. If a township chooses to impose the Cumulative Fund levy, then it may not use that levy authority for its General Fund. Although the state would pay PTRC on the Cumulative Fund's levy, the state's obligation for PTRC on the rest of the township's levy is reduced.

It is possible that if a township does not currently levy its maximum levy, the state could pay more in PTRC than it is currently paying. However, this does not increase the potential PTRC obligations because the township can currently levy its maximum at any time.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Money in the Fund could be appropriated in order to: 1) acquire

township vehicles; 2) purchase, construct, equip, and maintain public buildings; 3) acquire land and improvements; 4) demolish improvements, level, grade, and prepare land for construction; 5) acquire rights-of-way; and 6) improve or construct a public way to land acquired for a public building.

**Explanation of Local Revenues:** There are 1008 townships in Indiana. The statewide total 1998 pay 1999 AV is estimated at \$54.0 Billion. If each township imposes the maximum \$0.05 tax rate for the Fund, townships would allocate approximately \$27 Million ( $\$54,000,000,000 * .05 / 100$ ) from their current maximum permissible levy to the Fund.

A township could deposit revenues from other sources into the Fund if specified by resolution of the local legislative body.

The Fund would be subject to the maximum property tax levy limit imposed on a township by requiring a township to include the Fund's levy in its maximum total levy for a particular year. Therefore, this bill does not give townships any additional levy authority. It does, however, offer more flexibility in how the money is used.

**State Agencies Affected:** State Board of Tax Commissioners.

**Local Agencies Affected:** Townships.

**Information Sources:** Local Government Database.